

Memorandum

To: Panel Members Date: August 22, 2002

From: Ron Tagami, Manager
Peter DeMauro, General Counsel Analyst: S. Lipkin

Subject: One-Step Agreement for **Infonet Services Corporation**
(www.infonet.com)

CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Communication
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 951
 - In California: 588
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$564,895
- Substantial Contribution: \$0
- Total ETP Funding: \$564,895
- In-Kind Contribution: \$1,229,261
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide
- Duration of Agreement: 24 months

SUBCONTRACTORS:

Training Funding Partners, Irvine, California, not to exceed \$28,245 for administration.

THIRD PARTY SERVICES:

Training Funding Partners assisted in the development of this application at a cost of \$20,000 which the Contractor states is based on a flat fee.

NARRATIVE:

This project is eligible for ETP funding under the out-of-state competition provisions outlined in Title 22, California Code of Regulations, Section 4416(a)(3) provides a service out-of-state and/or (4) provides a service in the state in competition with providers of the same service which are located out-of-state.

Infonet Services Corporation (Infonet) originally began operations as part of Computer Sciences Corporation in 1969. Infonet is headquartered in El Segundo with sales offices in San Mateo and Seal Beach. These offices are part of Infonet USA Corporation, a wholly owned subsidiary of Infonet Services Corporation. All three California locations will be included in this proposal.

Infonet is a leading provider of cross-border managed data communications services for nearly 3,000 enterprises worldwide, including 35 percent of the top 500 corporations in Business Week's 1999 Global 1000 list. Infonet helps its customers by enabling computers to communicate with each other no matter where they may be in the world, no matter what time it is, at the speed that is most appropriate for the job at hand. The company owns and operates an extensive communications network that can be accessed from over 180 countries. The client base is comprised of multi-national corporations that require cross-border data communications services. This diverse client base includes Allergan, Microsoft, Nestle, Nokia, and Volkswagen. As multi-national companies continue to expand their global reach, Infonet's competitive opportunity lies in being fully equipped to accommodate its customers' needs.

The deregulation of the telecommunications industry in the late 1990's promoted the birth of numerous carriers which borrowed heavily to lay fiber optic cable all over the world, creating a glut of capacity and ensuing price wars. The result has led to daily headlines of newcomers going out of business and laying off workers. To continue to maintain its position of strength during these tenuous times, Infonet must continue to prove its value-add in an environment where its struggling competitors are imposing increased price pressures.

To remain competitive, Infonet must convert to a high performance workplace to increase efficiency and customer satisfaction. It has already invested six million dollars in a new Customer Relations Management (CRM) System which is a major component of this proposal. This system replaces the internally developed application known as Infonet Services Information System (ISIS). Additionally, Infonet will be rolling out more than 20 new and enhanced products and services during the term of the proposed ETP contract. To work towards the goal of becoming a high performance workplace, Infonet would like to partner with the ETP in a comprehensive training initiative over the next two years. The components/types of training of the initiative are as follows:

NARRATIVE: (continued)

Advanced Technology: Advanced Technology skills will be provided to research and design personnel as well as information technology personnel such as Computer Specialists, Technical Consultants, Engineers, Auditors, Managers and Supervisors, (Jobs 1-8). Staff will be trained in the areas of troubleshooting, functionality, security, and integration of the new Customer Relationship Management System. Trainees will learn network security, C++ Programming, Oracle Financial Systems, the configuration and implementation of new products and services, Cisco Certified Networks, and advanced technology tools for the design and implementation of monitoring and reporting systems in Infovista/Actuate. After training, workers will be able to create new products and services, as well as supporting the products, services, protocols, applications, and systems of their external and internal customers.

Computer Skills: Throughout the company, trainees will receive computer training on the new CRM system described above, a new Windows operating system with upgraded applications, and a new Notes release. Training will also be provided on a new Oracle Financial System. This training will allow trainees to provide uninterrupted, quality service to maintain customer satisfaction utilizing their new tools and skills.

Business Skills: Sales, customer service and headquarters support personnel will receive training in areas such as: customer service, sales and marketing, new products and services, project management, new business processes and communications skills to provide them with the tools to support the rapid change in the industry landscape. The development of new skills is essential to support the roll-out of new product offerings, Infonet's Application Defined Networking marketing approach, and the company-wide roll-out of new systems and technologies.

Continuous Improvement: Quality Department personnel will receive training in areas including Advanced Quality training and Continuity/Systems Recovery training. At the very core of Infonet's business lies the need to provide quality assurances to clients both internally and externally. Training will allow trainees to attain the level of customer satisfaction essential for the company's continued success.

Supplemental Nature of Training

ETP-funded training will not displace the regular training that normally occurs at Infonet. Currently, the company provides new employee training in the areas such as: basic orientation, business overview, customer service, and product knowledge. It also provides tuition reimbursement to current employees who want to further their formal education through a degree program at a college or university. In addition, Infonet provides training funds to send its employees to national seminars covering a variety of specialized topics related to its industry. Finally, Infonet provides high-level industry training to its executives. Infonet will continue to provide this on-going training at its own expense both during and after the conclusion of the ETP contract.

The training outlined in this ETP application is new to Infonet. Trainees will be trained on the various new computer systems previously described that are newly acquired and did not exist at the company previously. The new CRM system was very costly and did not include any training from the vendor, Seibel. Now that the industry is in such a tail-spin, the company is experiencing huge budget constraints. The Contractor is unable to provide the training needed to operate this new system unless there is assistance from ETP. In addition, trainees will receive training on newly developed business processes related to the new computer systems and new products and services to allow the company to operate with

NARRATIVE: (continued)

greater efficiencies and enhanced customer service. Since the new computer systems and new product and service offerings have not previously existed and are new to the company, the corresponding new business processes are also new to the company. New quality initiatives will be rolled out. Business skills in the areas of customer service, improved communication skills and project management will all be a part of this overall new training initiative. Because of the significant changes the company faces, all of this training will be crucial to the company's success in moving to a high performance workplace.

Upon completion of the ETP contract, these new training initiatives will become a part of the company's on going training plans. It expects its technical staff, customer service staff, and sales staff to receive on-going training at a cost of approximately \$1,550,000 for the two years following the ETP Agreement.

In-Kind Contribution

Infonet will provide an in-kind contribution of \$1,229,261 in wages to be paid to trainees while attending ETP-funded training.

COMMENTS:

Most participants in the project meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee) except for the 40 managers and eight supervisors participating in the project. The 40 percent maximum for managers and supervisors specified in the regulations does not apply to High Performance Workplace projects.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities based on Infonet's stated need to provide employees with skills to enhance its ability to remain competitive, to grow, and to maintain a continuing relationship with its customers. The implementation of this proposed training will enable the company to remain viable in the California economy.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Jobs 1 – 13 Retraitees	Advanced Technology Business Skills Computer Skills Continuous Improvement	449	24 – 160	0 – 32	0	\$504 - \$2,956	\$11.78 – \$51.22
						<u>Range of Hourly Wages</u> \$11.78 – 51.22	
						<u>Prevalent Hourly Wage</u> \$30.77	
						<u>Average Cost per Trainee</u> \$1,258	
<u>Health Benefit used to meet ETP minimum wage:</u> N/A					<u>Turnover Rate</u> 12.0 %	<u>% of Mgrs & Supervisors to be trained:</u> 11%	

INFONET SERVICES CORPORATION

Menu Curriculum

Type of Training:

Training Hours:

Advanced Technology	12 - 140
Class/Lab	8 - 100
CBT Hours	8 - 50

Trainees may receive training from any of the types of training listed below.

Advanced Technology

- A1 Customer Relationship Management System (CRM) - Wizard
engineering, design and support programs and application tools related to trouble-shooting, functionality, security, and integration.
- A2 Network Security/Network Design
 - o Computer Hardware Design
 - o Network Design and Architecture
 - o Operating System Level Commands
 - o Unix Programming Language
 - o Network Protocol Layers
 - o Encryption/Decryption Algorithms
- A3 C++ Programming
- A4 Oracle Financial System
engineering, design and support programs and application tools related to trouble-shooting, functionality, security and integration.
- A5 Advanced Technology Research and Development Skills related to New Product and Services Development
- A6 New Products and Services Support including:
 - o Support Tools and Processes
 - o Ticket Template
 - o Support Reference Documentation
 - o Alarms and Trouble Shooting
 - o Load/Part File/General Order Processes
 - o Configuration tools and processes
 - o Implementation Reference Documentation
 - o Configuration Templates
- A7 Cisco Certified Network Associate (CCNA)
- A8 Cisco Certified Network Professional (CCNP)
- A9 Cisco Certified Inter-network Expert (CCIE)
- A10 Infovista/Actuate (advanced technology tools for design and implementation of monitoring and reporting systems)

Computer Skills

- C1 Customer Relationship Management System (CRM) - Wizard
 - Navigation
 - Query and Reporting
 - Activity Management
 - Customer Management
 - Order Entry
 - Order Management
 - Business Process Changes
- C2 Windows Operating System/Applications Upgrade
- C3 Notes Upgrade
- C4 Oracle Financial System and Business Process Changes

Business Skills

- B1 Sales and Marketing/New Products and Services
- B2 Customer Services/New Products and Services
- B3 CRM (Wizard) Linked Process Changes
- B4 Oracle Financial System Linked Process Changes
- B5 Developing Business Strategies
- B6 Internal Tools Enhancements

Continuous Improvement Skills

- I1 Upgraded/Advanced Quality Training
- I2 Continuity/Systems Recovery Training
- I3 Enhanced Management Techniques

CBT Training Curriculum

Computer Skills including:

- DC1 Building Multilayer Switching Networks
- DC2 Building Remote Access Networks
- DC3 Building Scalable Networks
- DC4 Building/Interconnecting Network Devices
- DC5 Designing Networks
- DC6 Routers
- DC7 Internetwork Design
- DC8 Internetwork Trouble Shooting
- DC9 Web Power
- DC10 Internet/Intranet Infrastructure
- DC11 Java 2
- DC12 Netscape JavaScript
- DC13 Operating Systems and Applications
- DC14 Routed Network Protocols
- DC15 Routing, Bridging, Switching
- DC16 Wide Area Network (WAN) Technologies
- DC17 Universal Internet Exchange (UNIX)
- DC18 Cisco

Business Skills including:

- DB1 Developing Sales & Marketing Strategies
- DB2 Enhanced Communication and Leadership Skills
- DB3 Project Management Skills
- DB4 Products and Services/New Products and Services
- DB5 Specialized Customer Service Skills
- DB6 Quality